University of Colorado
Denver | Anschutz Medical Campus

Campus Administrative Policy

Policy Title: **Compensation for Classified Staff**

Policy Number: 4020 Functional Area: Human Resources

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Supersedes:	HSC Staff Compensation Policy
Approved by:	Teresa Berryman Vice Chancellor for Administration and Finance
Prepared by:	Human Resources Director
Reviewing Office:	Executive Vice Chancellor for Administration and Finance Senior Vice Chancellor for Administration and Finance
Responsible Officer:	Associate Vice Chancellor for Human Resources
Applies to:	CU Denver Campus CU Anschutz Medical Campus

A. INTRODUCTION

For classified employees of the University of Colorado Denver and the University of Colorado Anschutz Medical Campus, the Director of the Colorado Department of Personnel and Administration (Director) has the authority and responsibility to establish and maintain a position classification system and to establish ranges of pay that are comparable to similar types of work found to prevail in the competitive labor market. General compensation procedures are outlined in Chapter 3 of the State Personnel Board Rules and Personnel Director's Administrative Procedures (Rules), and the current State of Colorado compensation plan can be found at the state web site.

It is the policy of CU Denver | CU Anschutz ("university") that employees are fairly, equitably, and adequately compensated. Within limits established by the Director and the university guidelines, appointing authorities may request certain compensation rates for individual employees under their designated authority. The appointing authority should consult with the HR Compensation Specialist before an official offer or change in salary can be made. The HR Compensation Specialist will review experience, critical skills and competencies, service, salaries for similarly situated employees, current pay, recruitment difficulty, gender, ethnicity, and any other relevant information when approving salary requests.

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C. SETTING SALARIES FOR CLASSIFIED EMPLOYEES

New employees must receive an offer letter and, anytime a current employee's salary changes; it must be documented with a new offer letter, promotional notification letter, or some other form of written agreement that is approved by the appointing authority and Human Resources. (Samples are available on the HR Forms/Templates website.)

1. **Establishing a Compensation Rate for New Employees**
The Director establishes pay ranges for all classified employees. The current Rules require a new employee be hired at the grade minimum, unless recruitment difficulty or other unusual conditions exist. The Rules broadly define what recruiting difficulties and unusual conditions are, so consult with the Employment Services staff or the HR Compensation Specialist for guidance if you wish to hire above the minimum. In those instances, the hiring salary may be a rate that does not exceed the grade maximum.

It is in the best interest of the university to ensure that salaries are offered and established that are appropriate for the new employee, consistent with the work performed, and are comparable with similarly situated employees. Therefore, supervisors and appointing authorities are expected to document recruitment difficulty or critical skills, document the salary history for the potential employee, and consult with Employment Services staff for additional data, and provide necessary before an official offer is made.

When the requested salary is above the minimum, the following guidelines should be used:

a. In those instances where the appointing authority would like to offer a salary to a new employee that is between the pay grade minimum and the first quartile of the range, the supervisor and/or appointing authority must send a brief email documenting the request to the HR Compensation Specialist for review.
b. Additional justification, as explained above, will be required for a salary above the first quartile. Only in extraordinary circumstances will the salary

for a new classified employee be above the mid-point of the range.

2. **Establishing a Compensation Rate for Reinstated Employees**
Certified employees who resigned in good standing, or voluntarily demoted may be reinstated to the same class, or to a related class with the same or lower grade maximum, assuming they meet the minimum qualifications for the position. **The HR Compensation Specialist must approve requested salaries above the minimum of the range.**

3. **Establishing a Compensation Rate for Promoting Current Classified Employees**
A promotion occurs when an employee's current position changes to a different class with a higher pay grade maximum or when an employee moves to a different position with a higher pay grade maximum. The Rules provide that upon promotion, the salary cannot be lower than the minimum or higher than the maximum of the range for the new class. As a general guideline, a 10% increase in salary is offered for promotions. Certainly less can be offered if necessary. **The HR Compensation Specialist must approve any offer that is more than 10%.**

4. **Salary Setting for Current Classified Employees Transferring to University of Colorado**
Denver Positions Transfer is a move to a different position in the same class or to a position with the same grade maximum. The Rules require that the salary of a transferring employee shall be at any rate between the employee's current rate and the grade maximum. **The policy of the university is that transferring employees shall remain at the same pay rate.** The HR Compensation Specialist must approve any increase in salary in order to determine if it is appropriate and feasible.

5. **Classified Employees Accepting Voluntary Demotions**
Employees in the classified system may accept a voluntary demotion to another position. By its very name, the voluntary demotion is accepted by the employee and it is anticipated there may be a loss of base pay. If an employee accepts a voluntary demotion to a different position, the Rules state that the salary cannot be set higher than the employee's current base pay (it could be set lower), and it cannot exceed the maximum of the pay range. A Voluntary Demotion agreement must be initiated by the employee and forwarded to Human Resources for approval.

6. **In-Range Salary Movements for Classified Employees**
The Rules allow discretionary movements to increase the **base** salaries of permanent employees who remain in their current classes and positions when there is a critical need not addressed by any other pay mechanism, e.g., reallocation. The use of in-range salary movements is not guaranteed and shall be funded within the department's available budgets. These movements shall not be

retroactive and are limited to one in-range salary movement in a 12-month period. Granting these awards is not subject to appeal, except for alleged discrimination. However, once granted, a reduction in base pay is subject to appeal. When initiating a movement for current employees, they must be performing satisfactorily as evidenced by their most recent performance evaluation. Every movement requires an individual written agreement between the employee, supervisor, and the appointing authority and the agreements must be pre-approved by the HR Compensation Specialist. (Samples are available on the HR Forms/Templates website) Managers and employees can review the Quick Reference Guide for In-Range Movements and Discretionary Pay Differentials is at the end of this document.

Movements are allowed for the following circumstances:

a. Salary Range Compression. Used as a salary leveling increase where longer-term or more experienced employees are paid lower in the range than new hires over a period of time resulting in documented ongoing retention difficulties. The increase may be up to the pay grade maximum.

b. Counteroffer. Used when an employee with critical, strategic skills receives a higher salary offer from another department or outside employer and the appointing authority needs to increase the employee's base salary for retention purposes. Written confirmation, e.g., a bona fide job offer, from the other entity is required. Generally, the increase will be 10% and is always subject to the pay grade maximum.

c. Delayed Promotional Increase. This movement is used when a promotion is made with no salary increase or partial salary increase because production expectations are unproven and/or funds are unavailable at the time of promotion. This is a one-time base salary increase within 12 months of the date of promotion when funds become available and the employee's contributions are documented. Production expectations must be documented at the time of promotion and attached to the signed agreement. The increase may be up to 10%, and is subject to the pay grade maximum. Transfer, promotion, demotion, or separation of the employee will negate the delayed increase.

d. New Hires. Used at the time an employee is hired when production expectations for critical skills are unproven and/or funds may be unavailable. This is a one-time base salary increase within 12 months of hire. To be eligible, early satisfactory completion of specified training objectives must be documented at the time of hire and attached to the signed agreement. This is limited to a one-time increase up to 10% subject to the pay grade maximum. Transfer, promotion, demotion or separation of the employee will negate the delayed increase.

All in-range salary movements require the approval of the appropriate supervisor, department head, and the HR Compensation Specialist before implementation.

D. DISCRETIONARY PAY

The Rules have made discretionary pay practices available, allowing state agencies to respond to troublesome situations inherent in a competitive recruitment market. These differentials increase flexibility in attracting new employees and retaining our productive employees. These options are not intended to replace legitimate HR processes, e.g., individual reallocations and promotions.

Discretionary pay is temporary, **non-base** building differentials and must be accomplished within existing funding. Awards are generally limited to 10%, and may not in any instance exceed statutory limitations on classified employees' salaries. A written agreement with the employee must be in place, and it requires approval by the appropriate supervisor, appointing authority, and the HR Compensation Specialist. No differential is guaranteed and, if granted, may be discontinued at any time. No aspect of any discretionary pay differential is grievable or appealable, except for discrimination. (Samples are available on the HR Forms/Templates website) Managers and employees can review the Quick Reference Guide for In-Range Movements and Discretionary Pay Differentials is at the end of this document.

The university is adopting these four discretionary pay practices*:

1. Counteroffer
2. Referral Award
3. Signing Bonus
4. Temporary Pay Differential
    a. Critical Skills
    b. Long-Term Project
    c. Acting Assignment

*(This does not preclude the university's ability to develop and implementation other discretionary pay differentials.)

1. Counteroffer

A counteroffer to a verifiable job offer may be used when an employee with critical strategic skills receives a higher salary offer from another department or outside employer and the appointment authority needs to retain the employee. The sum of a non-base building differential and current base pay cannot exceed a statutory lid. This award can be given as a one-time payment or in no more than four increments over the course of the year. If the employee leaves university employment before the end of the time frame, they forfeit the remainder of the payments. The Counteroffer Differential is included in salary for PERA and overtime purposes.

2. Referral Award

A Referral Award is a payment to reward current employees for the referral and subsequent hiring of a new employee into the State Personnel System, which requires a unique, specialized skill and when the unit can demonstrate that recruitment and retention has been difficult. Supervisors of the position and employees of HR are not eligible for a Referral Award.

A Referral Award may be any amount up to a maximum of 10% of the annual salary of the person who made the referral, but it cannot exceed the statutory salary lid in any given month. It is recommended that the award be paid in two increments. The initial payment (usually, half of the payment) to be made when the new employee reports to work, and the second (final) payment, to be made after the new employee has remained employed with the university for a pre-determined amount of time, e.g., six months. If the new employee leaves university employment before completing the amount of time set forth in the agreement, the referring employee will not receive the second Referral Award payment. If the referring employee leaves university employment before the end of the time frame, they forfeit the second half of the Referral Award. The Referral Award is not included in salary for PERA or overtime purposes.

3. **Signing Bonus**

A Signing Bonus is a payment separate from salary to attract new employees into hard-to-fill positions. Its use is appropriate in the following circumstances:

a. To fill a position in a critical occupation where there is a documented shortage in the labor market and recruitment and retention difficulty jeopardizes the university's mission. Questions should be sent to the HR Compensation Specialist regarding any labor market shortages, recruitment and/or retention difficulty for positions that may require the use of the Signing Bonus.
b. An applicant must possess a unique background or critical skills in relation to the job requirements.

The award may be up to a maximum of 10% of the annual salary of the person hired, but may not exceed the statutory lid in any given month. The bonus must be included on the announcement at the time of posting. It may be paid in two or three increments. The initial payment is to be made when the employee reports to work and the second/third payments are to be made after some specified period of time in the position, e.g., six months, one year, successful completion of probationary period. If the employee leaves university employment before a second or third installment of the Signing Bonus is due, the payment is forfeited. A Signing Bonus is not included in salary for PERA or overtime purposes.

4. **Temporary Pay Differentials**

Temporary Pay Differentials are awards for current employees who remain in the same position but accept temporary assignments at a level of higher responsibility; or who possess unique, specialized knowledge or skills, which are critically important to the mission of the university. The following three circumstances justify consideration of the Temporary Pay Differential:

a. An acting assignment where the employee assumes the full set of duties from a higher-level vacancy or for an extended absence within the department. This must be for a period that is longer than 30 days but less than six months. The position number of the vacancy needs to be included in the agreement.

b. An employee accepts a long-term project assignment (may extend up to 24 months), which is critical to the mission of the university. The assignment is not the type of work customarily assigned to the position, and project assignments are not an expected part of the regular assignment.

c. The employee has unique, specialized knowledge or skills that are critically important to the mission of the university. These are of such value that the loss of the employee and the documented recruitment difficulty to replace the lost knowledge or skills would result in severe adverse impact on the university's mission and productivity. This differential may continue for more than six months.

Temporary Pay Differentials are not intended to substitute for the individual allocation or promotional process, nor is it intended for brief absences where an individual temporarily assumes a portion of another's duties and responsibilities while the other is on vacation. Any Temporary Pay Differential must be reviewed every six months to determine if standard job evaluation or promotional procedures should be applied. The Temporary Pay Differential is included in salary for PERA and overtime purposes.

If you have any questions about any of the Discretionary Pay Differentials, please contact the HR Compensation Specialist.

E. FLSA AND OVERTIME

1. FLSA Designation and Permitted Salary Deductions

The Fair Labor Standards Act (FLSA) covers all employees (full-time, part-time, permanent and temporary) in the state personnel system. FLSA provisions designate certain positions as exempt from the wage and overtime requirements. These include executive, administrative, professional, outside sales, and certain computer related professional positions. Positions shall be designated as either 'exempt' or 'non-exempt' for purposes of overtime compensation. Employees in exempt positions are not eligible for overtime compensation.

The HR Compensation Specialist is responsible for determining which positions are exempt under these provisions. Since the FLSA designation emphasizes the nature of the job, not necessarily on the percent of time performing the duty, the official job description (Position Description Questionnaire, PDQ) will be used as the main tool to make the determination. The employee and the supervisor will be notified in writing of the FLSA designation and the employee will be given the opportunity to request a second review. As part of the second review the HR Compensation Specialist may request a revised PDQ and/or interview the employee and supervisor prior to making the final designation. Again, the employee and supervisor will be notified in writing of the designation. If the university and the employee continue to disagree on the FLSA designation, the employee can request a review by the State Personnel Director.

Exempt employees are paid for performing a job regardless of the number of hours worked; therefore, they do not receive additional compensation or compensatory time for working more than 60 hours in a workweek. In special circumstances (e.g., completion of a large project within a limited timeframe), administrative leave may be awarded to an exempt employee who works beyond the normal workweek without losing their exemption status. Discuss this with the HR Compensation Specialist prior to implementing this option.

An exempt employee's pay may be reduced for a leave of absence for any amount of time during a workweek for the following reasons without affecting their exemption status:

a. When an exempt employee has exhausted all leave balances, or when a absence was not approved;
b. An absence which is covered by Family Medical Leave;
c. An absence which is for a voluntary furlough;
d. Partial weeks during the initial or end of employment;
e. Discipline for violating a major safety rule or workplace conduct rules, and;
f. Other pay deductions permitted such as jury leave, military leave, etc.

Any other deduction from an exempt employee's pay is not allowed. If their pay is reduced for a reason other than those listed here, the employee's pay must be restored. Any employee who feels their pay has been improperly reduced should contact the Human Resources Office.

2. **Workweek, Use of Overtime, and Payment of Overtime**

Overtime is that time a non-exempt employee is directed or permitted to work in excess of the 40 hours during a standard work week (168 consecutive hours in seven consecutive days). The standard workweek for the u is Sunday 12:01 a.m. through Saturday midnight. Any deviation from the established workweek, including the use of flextime, must be submitted in writing and approved, in advance, by the HR Compensation Specialist.

The appointing authority is responsible for establishing work hours, and approving any deviation. Clarification on breaks, meal periods, counting paid leave as work time, travel, meetings and training, and dual employment can be found in the Rules, Chapter 3. Any outside employment or activities must be pre-approved. Employees who are currently engaged in outside employment or who wish to engage in outside employment must complete the Classified Staff

Secondary Employment Form and present it to their supervisor for approval.

Hours in excess of 40 hours are paid at 1 and 1/2 times the employee's regular hourly base pay rate unless there is a written agreement for acceptance of compensatory time in lieu of monetary payment. Overtime work for non-exempt employees must be pre-approved by the appointing authority. Unauthorized overtime may result in corrective action and/or disciplinary actions against employees. However, any overtime hours worked, must be paid. This right cannot be waived.

Compensatory time in lieu of monetary payment is allowed if there is a written agreement between the department and any employee hired after 4/15/86. Acceptance of compensatory time at the university is a condition of employment for new employees. The appointing authority must document the FLSA designation and eligibility for compensatory time in all offer letters. At the discretion of the supervisor, an employee may receive monetary compensation in lieu of compensatory time even when a written agreement exists. Compensatory time should be taken as soon as possible. Any compensatory time in excess of 60 hours must be paid at the next regular pay period. Unused compensatory time at termination or transfer to another state agency must be paid at that time.

For purposes of calculating overtime, ONLY employees in essential, non-exempt positions shall have periods of paid leave count as time worked. The appointing authority makes this essential designation.

3. **Recordkeeping**

The university is required to keep specific records for both exempt and non-exempt employees. Records for exempt employees should include the time of the day and day of the week the employee's workweek begins; the salary for each pay period; and documented time off. Non-exempt employee records require the following additional information:

a. Time of the day and day of the week the employee's work week (or work period) begins and ends;
b. Hours worked each work day and total hours worked each work week (or work period);
c. Regular hourly pay for any week in which overtime was worked;
d. Total daily or weekly straight time earnings;
e. Total overtime or compensatory time earned, used or compensated in cash for the work week (or work period);
f. Additions or deductions from wages paid each pay period;
g. Total amount of wages paid each pay period;
h. Date payment is made and the pay period covered.

To ensure that the proper information is documented employees should record their work time on the university Employee Work Record found on the HR website.

F. SAMPLE FORMS

Sample offer letters, in-range agreements, and discretionary pay agreements can be found on the HR Forms/Template website.

Notes

1. Dates of official enactment and amendments:
   September 30, 2005: Adopted by Vice Chancellor for Administration and Finance
   May 2, 2019: Modified

2. History:
   May 2, 2019: Modified to reflect a Campus-wide effort to recast and revitalize Campus policy sites into a standardized and more coherent set of chaptered policy statements organized around the several operational divisions of the university. Article links, University branding, and formatting updated by the Provost's office.

3. Initial Policy Effective Date: September 30, 2005

4. Cross References/Appendix:
   - Fair Labor Standards Act
   - State Personnel Board and Director's Administrative Procedures, Chapter 3 State of Colorado compensation plan